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Malaysia

Oilseeds and Products

Oilseeds and Products Update (October)

1999

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Report Highlights:

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Kuala Lumpur [MY1], MY

SUMMARY:**Production**

The Malaysian Palm Oil Registration and Licensing Authority (PORLA) reported that total crude palm oil (CPO) production rose 7.5 percent from the month of August to 1.0 MMT in September. Output in the Peninsula increased by 5.2 percent while East Malaysia's production rose 13.3 percent. Compared to September 1998, output during September 1999 was 19 percent higher. A seasonal downtrend in production is expected in the next quarter and we forecast Oct-Dec output at 2.6 TMT, bringing CY 1999's total production to 10.2 MMT.

Price

Weaker overseas demand and traders' holding back their purchasing decisions as they await the outcome of the election of a new cabinet in Indonesia on the movement of the Rupiah resulted in a downturn of the CPO prices during the month of October. The average CPO price dropped 4.4 percent from RM1,318/MT (US\$347/MT) in September to RM1,260/MT (US\$332/MT) in October. For comparison, the average CPO price for October, 1998 was RM2,349/MT (US\$618/MT). RBD Palm Oil FOB average price also decreased from US\$365/MT to US\$351/MT.

Stocks

An increase in domestic CPO output and weaker exports contributed to a higher stock level at the end of September. With an anticipated decreases in CPO output during the Oct - Dec period, we expect stocks to slide to about 1.16 million tons by the end of December.

Trade

Preliminary official September exports dropped to 835 TMT compared to 910 TMT in August.

ANNUAL SITUATION (OCT/SEP):

Minor changes in the PS&Ds for palm oil reflected increased CPO output and imports in the supply side and an increase of stocks in the demand side both for 1998/99.

	Revised 1997/98	Prelim 1998/99	Forecast 1999/2000
(1,000 tons)			
Beg Stock	907	719	1207
Production	8,508	9,758	9,900
Imports	91	142	100
Total Supply	9,506	10,619	11,207
Exports	7,421	8,146	8,500
Domestic Use	1,366	1,266	1,507
Ending Stock	719	1,207	1,200

QUARTERLY OUTLOOK FOR PALM OIL:

	1998 1/ Jul-Sep	1999 2/ Jul-Sep	1998 1/ Oct-Dec	1999 2/ Oct-Dec
(1,000 MT)				
Beg Stocks 3/	695	1049	719	1207
Prod- East Mal	714	870	608	755
- Pen. Mal	1776	2103	1541	1845
- Total	2490	2973	2149	2600
Imports	38	91	4	25
Total Supply	3223	4113	2872	3832
Exports 4/	2116	2511	1830	2310
Dom Disap 5/	388	395	217	372
End Stocks	719	1207	825	1150

1/ Revised;

2/ Forecast;

3/ Stocks including crude and refined for all Malaysia;

4/ Exports exclude shipments of fatty acid oil distillate
and all intra-Malaysia trade;

5/ residual.

PRODUCTION:

	1998	1998	1999	1999
	Sep	Jan-Sep	Sep	Jan-Sep
(In 1,000 MT)				
CPO:				
Pen. Malaysia	618	4454	723	5423
East Malaysia	257	1712	320	2187
- Total 1/	875	6166	1043	7610
Palm Kernel : Malaysia	258	1813	294	2175
Palm Kernel Oil: Malaysia	112	810	124	955
Palm Kernel Meal: Malaysia	135	980	150	1160

1/ Totals may not add due to rounding differences.

Includes some revisions in previous months.

PRICES:

(Crude delivered basis; RBD Oils in Bulk, FOB Malaysia)

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin
	RM/MT	US\$/MT	US\$/MT	US\$/MT
Nov	2377	650	693	465
Dec	2228	618	653	478
Jan 99	2197	600	653	448
Feb	1921	539	581	402
Mar	1668	463	500	365
Apr	1692	470	501	375
May	1553	446	486	341
June	1277	354	399	245
July	1103	311	361	195
Aug	1143	375	372	241
Sep 1/	1318	365	419	266
Oct (till 22th)	1260	351	381	277

1/ revised

Exchange Rate (Oct 22 1999): US\$1.00 = RM3.799

STOCKS:

	1998	1999	1999	1999
	Sep	July	Aug	Sep
(In 1,000 MT)				
Crude P. Oil	306	564	616	653
Processed PO	413	598	482	554
- Total PO	719	1162	1098	1207
Palm Kernel	87	92	82	96
P. Kernel Oil	149	94	97	101